REMARKS

Reconsideration of the application, in light of the amendments and arguments herein is respectfully requested.

I Status of the Claims

Claims 55-57 have been added and no new matter has been added.

Claims 19 and 22 have been cancelled without prejudice or disclaimer of the subject matter therein.

Claims 1, 17, 21, 23-27, 40, and 42 have been amended and the amendments do not add new matter.

Claims 3, 6-13, 16, 18, and 20 have been previously cancelled.

Claims 49-54 are withdrawn.

Claims 1, 2, 4, 5, 14, 15, 17, and 21-48 and 55-57 are pending and at issue.

Support for the new claim element of "terms of the contract are independent of the electronic media" can be found in the Specification on page 8, lines 16-19; page 9, lines 10-13; page 13, lines 2-4 and page 13, lines 20-21.

Support for the new claim element of "accessing the electronic contract" can be found in the Specification on page 12, lines 15-17; and page 13, line 20 to page 14, line 10.

Support for new claim 55 can be found in original claim 1, Specification, page 2, lines 10-15; page 3, lines 5-14; page 9, lines 6-17; page 12, lines 15-17; and page 13, lines 16-21. Support for new claim 56 can be found in the Specification on, for example, page 5, lines 16-18. Support for claim 57 can be found on, for example, page 8, line 20 to page 9, line 9.

II Restriction Requirement

The Examiner has required restriction among the claims of:

Group I: Claims 1-48; or

Group II: Claims 49-54

The Examiner specified Group I, Claims 1-48, as being constructively elected and has withdrawn claim 49-54 from examination. Applicants confirm this election without traverse.

III In-Person Interview

Applicants thank the Examiner for meeting with Applicants and Applicants' representatives on February 19, 2004 to discuss the distinctions between the present invention and the art of record. Additionally, Applicants thank the Examiner for his helpful suggestions regarding the amendments to the claims.

IV Rejections under 35 U.S.C. § 102

Claims 1, 2, 4, 5, 14, 15, 17, 19 and 21-48 are rejected under 35 U.S.C. § 102(e) as anticipated by U.S. Patent No. 5,959,876 to Ginter et al. ("Ginter"). Applicants respectfully traverse the rejection.

There are key differences between Ginter and the present invention. In summary, Ginter does not disclose, as part of his method, looking at an existing contract, between different parties, to settle negotiations between two parties in the present. Ginter may arguably suggest one or more ways to create an e-contract, but does not show the claimed method and system for validating a later offer, by a different party, against an earlier contract. In contrast, claim 1 provides for a

predetermined contract between a distributor and a retailer previously agreed upon. The candidate retail offer is presented to and exercised by the consumer. The candidate retail offer is then validated against the previously agreed upon contract between the distributor and retailer.

Specifically, the claims provide an electronic contract previously negotiated and settled between a distributor and a retailer. The contract refers to the terms under which the retailer can distribute content. This is the electronic contract claimed in claim 1 and the remainder of the independent claims. A candidate retail offer is presented to a consumer and the candidate retail offer is related to the content. The candidate retail offer can be created by the retailer or created by others for the retailer to offer to the consumer. The consumer selects a candidate retail offer and the offer is validated against the electronic contract.

The validation of the candidate retail offer involves "*accessing the electronic contract and determining if the candidate retail offer is consistent with the electronic contract*". Thus, the electronic contract is formed in advance of receiving a candidate retail offer and the candidate retail offer is thereafter validated against the electronic contract when a consumer is ready to make a purchase. In this way, the most up to date electronic contract is used and a consumer's purchases are only completed if validated. Ginter does not disclose or suggest previous agreements being updated and accessed dynamically for validation, so that an offer to a consumer (a third party) can be authorized and processed.

Further, the present invention centers on content and transactions concerning the content based on previously negotiated and agreed upon contractual terms. In contrast, Ginter centers on negotiations between parties to ***form*** a contract. For example, Ginter may suggest one or more ways to create an e-contract, but does not show the claimed method and system for validating a later

offer, by a different party, against an earlier contract. Significantly, Ginter also does not address the problem that the earlier contract may change after it is first formed and before a candidate retail offer is made to a consumer.

Thus, the claimed validation step provides that if the terms of the offer do not match the electronic contract, the candidate retail offer is not validated. The electronic contract and the candidate retail offer do not "haggle" or negotiate to form a new contract, as taught by Ginter.

Ginter dedicates over 9 columns to discussing the negotiation of contracts and discloses:

> Negotiation and Electronic Contracts... Electronic agreements, like traditional agreements, may be negotiated between their parties... Negotiation is defined in the dictionary as "the act of bringing together by mutual agreement." The preferred embodiment provides electronic negotiation processes by which one or more rights and associated controls can be established through electronic automated negotiation of terms. ... A more complex form of a negotiation is analogous to "haggling." In this scenario, most of the terms and conditions are fixed, but one or more terms (e.g., price or payment terms) are not. For these terms, there are options, limits, and elements that may be negotiated over.

See, Ginter, column 241, line 55 to column 250, line 67.

In contrast, Applicants claim that either the candidate retail offer matches the terms of the electronic contract or it is not validated. Once validated, the content is provided to the consumer, the consumer pays, and the compensation is distributed to the parties per the electronic contract. Thus, in the claims, there are three parties involved in a transaction, the distributor, the retailer and the consumer. The distributor and retailer negotiate and form an electronic contract for the distribution of content. The consumer, who is not a party to the electronic contract, is still subject to its terms because the terms of the electronic contract govern the validation of the offer the consumer is requesting. For example, the Specification discloses that:

> An electronic contract represents an agreement between two or more entities, typically the retailer and distributor of some media. ... A "distributor-retailer

> distribution contract" sets forth the terms and conditions under which the retailer may distribute media to consumers. ... The e-contracts and business rules related to distribution are accessed and applied when the system validates an offer.

Specification, page 3, lines 5-9 and page 13, lines 20-21.

The claimed method of validating an offer against a contract is in contrast to a negotiation of distribution terms among any two or all three of the parties. Ginter differs and is concerned with forming an electronic contract between two parties by negotiating terms between them, using software (i.e. agents), until an agreement is reached or negotiations fail. Ginter discloses the negotiation of a contract electronically. Ginter discloses two parties to the contract and each party sets out their terms and preferences for the contract as a control set. The two control sets are in the nature of bids, and are compared electronically against each other to find mutually acceptable terms. Ginter defines the electronic comparison of terms as his "negotiation." The expression of the accepted terms becomes a new control set and is incorporated into an electronic contract between the parties. *See*, Ginter, column 241, line 55 to column 254, line 34.

Claim 1 of Ginter, cited by the Examiner, supports this interpretation:

> [a] method for negotiating electronic contracts, comprising: receiving a first control set from a remote site; providing a second control set; performing, within a protected processing environment, an electronic negotiation between said first control set and said second control set, including providing interaction between said first and second control sets; and producing a negotiated control set resulting from said interaction between said first and second control sets.

Ginter's first and second control sets are not electronic contracts. Both control sets are, at best, offers to sell or bids for purchase. Ginter states that:

> [o]ne control set may describe a fixed ("higher") price for using the content. Another control set may describe a fixed ("lower") price for using the content with additional control information and field specifications requiring collection and return the user's personal information. ... To perform the negotiation, one party may propose a control set containing specific fields, control information, and limits as specified by a

> PERC [Permissions Record]; the other party may pick and accept from the control sets proposed, reject them, or propose alternate control sets that might be used. The negotiation process may use the permitted, required, and optional designations in the PERC to determine an acceptable range of parameters for the final rule set. Once an agreement is reached, the negotiation process may create a new PERC and/or URT [User Rights Table] that describes the result of the negotiation. The resulting PERCs and/or URTs may be "signed" (e.g., using digital signatures) by all of the negotiation processes involved in the negotiation to prevent repudiation of the agreement at a later date.

Ginter, column 243, line 25 to column 244, line 5. Thus, Ginter's control sets are defined, exchanged, modified and negotiated until there is an acceptable agreement between the parties. There must be an agreement about what the control set includes (the specific fields) as well as the content or terms that will constitute a match. Only when all of the terms are accepted is an electronic contract formed, which Ginter discloses as a new control set that is "signed" by the parties. The definition of the term "negotiation" as defined by Ginter, "the act of bringing together by mutual agreement" (Ginter, column 242, lines 5-6) would lead one of ordinary skill in the art to realize that a contract has not yet been formed, since one does not "bring together" parties after a contract is agreed upon.

Ginter falls short of the claimed method, which begins where Ginter ends. The claimed invention allows parties outside the distributor/retailer relationship to purchase content in accordance with the contract previously negotiated and agreed upon between the distributor and the retailer. The electronic contract is not accessed until the time of the user's request, so the most current contract is used.

Furthermore, even if Ginter suggests to one of ordinary skill in the art that three parties can negotiate a contract using Ginter's method (which Applicants submit that it does not), Ginter still falls short of the claimed invention. Using Ginter's method, the distributor, the retailer and the

consumer would all send control sets to negotiate a single contract, with the consumer's control set having input into the relationship between the distributor and the retailer. All the parties would negotiate contemporaneously until an agreement is reached. There would be no need for an offer validation step because no electronic contract would be formed prior to the consumer's negotiations. Alternately, if the Examiner assumes that the distributor and retailer use Ginter's method for one contract and the retailer and the consumer use the method for another, this still falls short of the presently claimed invention. Ginter's method only negotiates with the control sets at hand, and Ginter does not teach or suggest that control sets should come from a previous contract negotiated with a different set of control sets between different parties.

Claim 1 also recites the step of "*providing a predetermined electronic contract ... wherein terms of the contract are independent of the electronic media content.*" An aspect of the invention that allows the most up-to-date contract to validate the candidate retail offers is that the predetermined electronic contract, the rights and permissions that govern the distribution of the content, is created and stored separate from the content.

> The Production System 110 maintains mass data content, e.g., music, lyrics and photos, and associated commercial offers and sends the data to the Delivery Service 118 for storage. ... The Reference Service 116 validates and certifies the retailer's offers and provides the mechanism for consumers to purchase the content by binding it with valid commercial offers ... [where the d]istribution contracts are stored in the Reference Service.

Specification, page 5, lines 9-11, lines 16-18, and page 15, line 16. Thus, the terms governing the distribution of the content can be updated without finding and updating every piece of packaged content. The content can be anywhere while the terms are changing, and then at the time a consumer wants to purchase the content is the content "matched" to the terms governing it and the candidate retail offer is validated.

In contrast, Ginter packages his rules with the content. *See e.g.*, Ginter Figures 4, 5A. 5B, 19, 26 and 26A. Ginter, for example, characterizes his invention using "brick-and-mortar" transportation systems.

> As standardized physical containers have become essential to the shipping of physical goods around the world, allowing these physical containers to universally "fit" unloading equipment, efficiently use truck and train space, and accommodate known arrays of objects (for example, boxes) in an efficient manner, so VDE electronic content containers may, as provided by the present invention, be able to efficiently move electronic information content (such as commercially published properties, electronic currency and credit, and content audit information), and associated content control information, around the world. Interoperability is fundamental to efficient electronic commerce. The design of the VDE foundation, VDE load modules, and VDE containers, are important features that enable the VDE node operating environment to be compatible with a very broad range of electronic appliances.

Ginter, column 32, line 67 to column 33, line 16. Ginter further describes how VDE performs "VDE content authoring [by] (placing content into VDE containers with associated control information)." Ginter, column 12, lines 30-32. Furthermore,

> VDE, in its preferred embodiment, employs object software technology and uses object technology to form "containers" for delivery of information that is (at least in part) encrypted or otherwise secured. These containers may contain electronic content products or other electronic information and some or all of their associated permissions (control) information. ... A VDE content container is an object that contains both content (for example, commercially distributed electronic information products such as computer software programs, movies, electronic publications or reference materials, etc.) and certain control information related to the use of the object's content.

Ginter, column 13, lines 40-43 and column 18, line 65 to column 19, line 4. Thus, Ginter teaches and suggests packaging content with control information. This is in contrast to the claimed invention.

Ginter does not anticipate all the elements of claims 1, 17, 23-27, 40, 42, and 46 and claims 2, 4, 5, 14, 15, 21, 28-39, 41, 43-45, and 47-48 depend from the independent claims and are

allowable at least based on this dependency. Applicants respectfully request that the present rejection be withdrawn.

CONCLUSION

In view of the above, each of the presently pending claims in this application is believed to be in immediate condition for allowance. Accordingly, the Examiner is respectfully requested to pass this application to issue.

Dated: July 15, 2004

Respectfully submitted,

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